Environmental Performance 2001 Summary

British Columbia
Buildings Corporation

BCBC Environmental Performance 2001 Summary

1.0 A Word About the Corporation

British Columbia Buildings Corporation (BCBC) is the largest, fully integrated owner and manager of real estate and accommodation in British Columbia. We own a portfolio of over 1.3 million square metres, maintain over 360,000 square metres, and lease almost 700,000 square metres. Our owned, leased, and maintained properties extend to nearly 300 communities across the province.

2.0 Environmental Stewardship at BCBC

The environmental impacts associated with BCBC, as with any real estate organization, concern the construction and deconstruction of buildings, and the operation and maintenance of those buildings. The purpose of this summary is to highlight some of the environmental goals, activities and accomplishments of the Corporation.

2.1 Energy Management: Context for BCBC Stewardship Efforts

At BCBC, we have a solid track record of mitigating the environmental impacts associated with our business. Our energy management program has won international awards and saved BC taxpayers over $130 million over the past 22 years.

We are building on this record of achievement and innovation by making environmental stewardship part of the organizational DNA of the Corporation—something that permeates the way we think about the work we do and the decisions we make. For example, since 1998, BCBC has been developing an Environmental Management System (EMS) to organize all of our operational activities and to ensure that all of our most significant environmental impacts are managed in a thoughtful, systematic way and progressively reduced or removed over time.

What is an Environmental Management System?

An Environmental Management System (EMS) is very much like a financial, accounting or human resources management system—it is the organizational structure and supporting network of practices that ensure a high level of environmental performance is achieved and maintained. In December 2000, BCBC became the first provincial public-sector organization in Canada to achieve corporate-wide registration to the International Standards Organization (ISO) 14001 standard—the predominant standard in the world.

2.2 Other Significant Environmental Initiatives

In addition to the EMS, which includes BCBC's Remediation and Pollution Prevention Programs, BCBC has actively been engaged in several initiatives that reduce our environmental impacts and demonstrate environmental leadership.

BCBC is delivering, on behalf of government, the Green Buildings BC – Retrofit Program and the Green Buildings BC – New Buildings Program. This initiative aims to reduce the environmental impact of provincial facilities not managed by BCBC and, in the process, to foster the growth of BC's environmental industry. The Retrofit Program targets both new and existing provincially funded educational and health-care institutions. The New Buildings Program is developing a policy that will establish targets, guidelines and standards governing site and building issues.

In addition, BCBC is establishing a Green Buildings Technologies Office and will sponsor the development of a Green Buildings Partnership to promote awareness of green buildings technologies and foster a green buildings ethic throughout the larger provincial public sector. Further information on these initiatives is available from the BCBC Web site (www.bcbc.bc.ca).

3.0 Summary of BCBC Efforts to Reduce Environmental Impacts

BCBC has worked closely with its internal and external stakeholders, in fact, anyone who has an interest in our business, to: (1) identify the environmental impacts arising from our business; (2) set performance objectives; (3) develop management programs; and (4) monitor performance. A summary of some of our efforts, either completed or underway, appears in the table below.

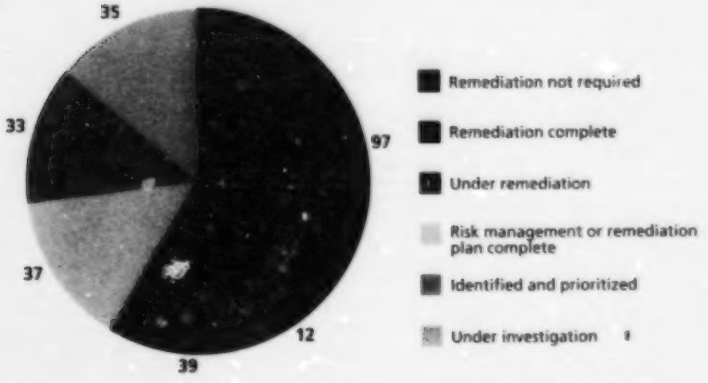
BCBC Environmental Impact Category	Specific Nature of the Impact	BCBC Performance
Green House Gas Emissions	Green House Gases (GHG) are a contributor to climate change.	Inventory of GHG emissions is underway and will be completed by June 2001. GHG Action Plan will be completed by October 31, 2001.
Pollution at BCBC Sites	Operational practices related to site drainage, storage and handling of materials, housekeeping and the management of contractors can create pollution or contamination.	Best management practices have been identified. BCBC housekeeping guidelines are posted at 97% of our sites.
Contaminated Sites	Historic practices have created contamination at some BCBC sites.	See Environmental Performance Metrics on the facing page.
Building Operations	The way in which we clean our buildings, manage waste and use resources can have a significant impact on the environment.	Draft framework for performing baseline inventory of current products was completed in March 2001.
Procurement	The procurement of services for construction, operations, maintenance or deconstruction of our buildings can greatly reduce our environmental impacts.	Work to establish baseline will begin in third quarter of 2001.
Transportation	Our vehicle fleet, and the transportation decisions made by each BCBC employee, increase or reduce fossil fuel consumption and the release of air emissions.	Baseline to be established by end of third quarter of 2001.

4.0 Environmental Performance Metrics

4.1 Management of Contaminated Sites

The investigation and cleanup of contaminated sites constitutes a key activity within BCBC's overall environmental stewardship program. As shown in the pie chart below, independent assessments have determined that 97 sites do not require remediation; remediation has been completed at 12 sites, with an additional 39 sites under remediation; 37 sites have a risk management or remediation plan completed; and 33 sites have been identified and prioritized for further action. A remaining group of 35 sites is under investigation.

Risk Management of BCBC Contaminated Sites
(fourth quarter "snapshot")



4.2 Operating Practices and Procedures

To prevent future pollution or contamination, and in consultation with key stakeholders, BCBC has developed a series of housekeeping guidelines, waste management practices and bulk storage practices. In addition, physical equipment to improve environmental performance is being used. Twice yearly, the performance of every district is reviewed. A summary of our performance is highlighted in the table below.

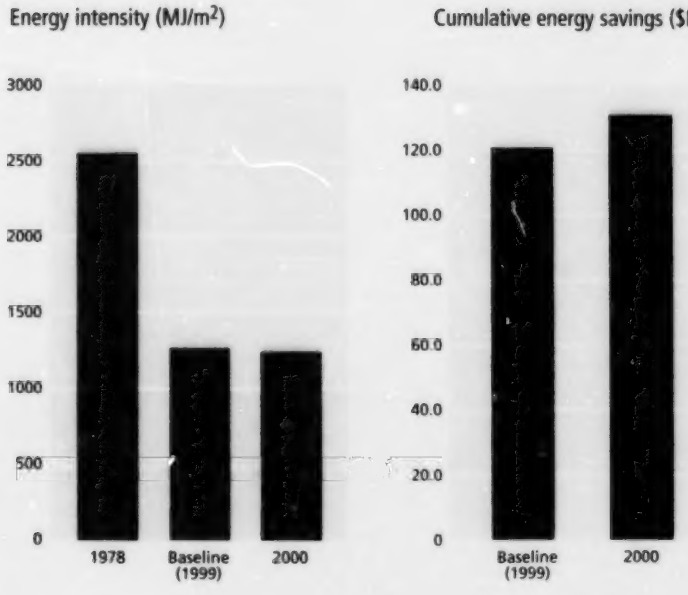
	Percentage Completion	
P2 Operating Practices	**Q2/Baseline**	**Q4**
Environmental housekeeping guidelines communicated, posted and being followed	98%	97%
Waste management practices being followed	96%	97%
Bulk storage practices being followed	96%	98%
Emergency Spill Response Plans developed, communicated and posted	86%	93%
Emergency Spill Kits in place	89%	87%
Salt sheds appropriate for the site are in place	90%	92%
Fuel management facilities are appropriate for the site	90%	89%
Drains are appropriately equipped with oil/water separators	87%	92%
Average overall completion rate	**92%**	**93%**

4.3 Energy Savings

Since its inception in 1978, BCBC's energy management program has reduced the energy intensity (consumption measured in megajoules/ square metre) of our buildings by over 50% and generated cumulative savings of over $130 million to the Province of British Columbia.

Performance Results

	1978	Baseline (1999)	2000
Energy intensity (MJ/m^2)	2543	1262	1235
Cumulative energy savings ($M)	0	120.7	130.7



British Columbia
Buildings Corporation

Environmental Performance 2001 Summary

This summary highlights some of the key features of environmental performance at BCBC at a moment in time, as well as some of the key decisions and activities that have marked our progress to date.

To learn more about BCBC's environmental performance, please contact us at:

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BC Buildings Corporation

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Printed in British Columbia, Canada

BC Buildings Corporation

2001 Annual Report

Maximizing Value for Customers, Shareholder and Communities

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British Columbia Buildings Corporation

British Columbia Buildings Corporation (BCBC) is a Crown corporation established in 1977 to provide accommodation and real estate services to the provincial government.

In 1997, provincial legislation was passed to expand BCBC's mandate to enable the Corporation to provide its services to the broader public sector.

BCBC's mission is to support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations by efficiently planning, providing and managing accommodation and real estate solutions; by providing responsible stewardship of the assets and resources entrusted to it; and by contributing to the sustainability of communities and the environment. This mission is achieved by a diverse and motivated team of highly skilled employees.

BCBC is a highly decentralized Crown corporation with a province-wide network of operating locations and with over two-thirds of its employees strategically located throughout the province.

BCBC Districts

1. Skeena/Central Interior/Peace District:
   Prince George, Fort St. John, Dawson Creek, Fort Nelson, MacKenzie, McBride, Valemount, Vanderhoof, Terrace, Smithers, Prince Rupert, Burns Lake, Stewart, Dease Lake, Atlin, Kitimat, Queen Charlotte Islands.
2. Kootenay/Columbia/Boundary District:
   Nelson, Cranbrook, Golden, Revelstoke, Castlegar, Trail, Grand Forks, Invermere, Fernie, Creston, Kimberley, Rossland, Kaslo, Nakusp.
3. Thompson/Okanagan/Cariboo District:
   Kamloops, Vernon, Kelowna, Penticton, Salmon Arm, Merritt, Lillooet, Blue River, Osoyoos, Quesnel, Williams Lake, 100 Mile House, Bella Coola, Horsefly, Alexis Creek, Clearwater, Princeton, Sicamous, Oliver.
4. Vancouver Island/North District:
   suburban Victoria, Vancouver Island, Powell River, Gulf Islands.
5. Vancouver District:
   City of Vancouver, North Vancouver, West Vancouver, Pemberton, Sunshine Coast, Squamish, Whistler.
6. Fraser District:
   Abbotsford, Maple Ridge, Chilliwack, Upper Fraser Valley, Hope, Delta, Surrey, White Rock, Langley, Richmond, Cloverdale, Aldergrove, Pitt Meadows.
7. Burnaby/New West/Tri-Cities District:
   Coquitlam, Port Coquitlam, Port Moody, New Westminster, Burnaby.
8. Victoria District:
   downtown Victoria, Legislative Precinct, Government House.

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Minister of Management Services
and Minister Responsible for BCBC
Sandy Santori

His Honour,

The Honourable Garde B. Gardom
Lieutenant-Governor of the Province of British Columbia

May It Please Your Honour,

The undersigned has the honour to present the Annual Report of the British Columbia Buildings Corporation for the year ended March 31, 2001.

Sandy Santori
Minister of Management Services
and Minister Responsible for BCBC

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Environmental Performance 2001 Summary

Vision

Our vision statement describes a compelling future state that we believe is both ambitious and attainable.

We will be vital to our customers' success by creating flexible and affordable workplace environments that respond to their changing world of work.

We will be indispensable to our shareholder through our innovative stewardship of public real estate assets.

As a result, we will earn respect and recognition as leaders in providing **"Best Solutions for Best Value."**

Mission

Our mission describes the purpose towards which we, as employees, commit our work life. The mission describes the business we are in, why we exist, what we produce and who we serve.

We are a Crown corporation with a community presence throughout British Columbia.

Our mission is to support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations by:

- *efficiently planning, providing and managing accommodation and real estate solutions;*
- *providing responsible stewardship of the assets and resources entrusted to us; and*
- *contributing to the sustainability of communities and our environment.*

Our mission is achieved by our diverse and motivated team of highly skilled employees.

Corporate Positioning

Corporate positioning describes what situates us uniquely in our business environment that causes our customers to want to do business with us. It begins with and builds on our enduring purpose.
"Best Solutions for Best Value."

By Best Solutions we mean contemporary products and services that are bundled to best meet the requirements of our customers, the communities they serve, and the interests of governments.

We view Best Value from both the customer's and taxpayer's perspective.

By Best Value we mean providing our customers a full range of cost-effective quality products and services at prices that, when bundled, provide better overall value than the competition.

We are responsive and focused on our customers' success, building lasting relationships and serving all of our customers as if they have choice.

Maximizing Value *for* Customers, Shareholder *and* Communities

Throughout its 24 years of operation, BC Buildings Corporation (BCBC) has actively endeavoured to maximize value for its customers, the shareholder and communities across BC

by

Operating as government's shared-services provider of real estate and accommodation services to the BC public sector;

Providing for government responsible province-wide stewardship of the real estate assets entrusted to it;

Establishing and sustaining effective customer relationship linkages with all levels of the public sector;

Developing the ability to link customer needs with government priorities and translating these needs into long-term accommodation plans and solutions;

Creating strategic alliances between government and communities which produce win-win community-based real estate and facility solutions;

Operating its business according to market principles and market-comparable performance measures; and

Assisting the shareholder in implementing high-priority initiatives which are linked to the Corporation's core competencies.

Such high-priority initiatives include health care, technology, community sustainability, environmental management, education, youth employment and responsible and accountable management of public-sector agencies.

Maximizing Value for Customers, Shareholder and Communities in Health Care

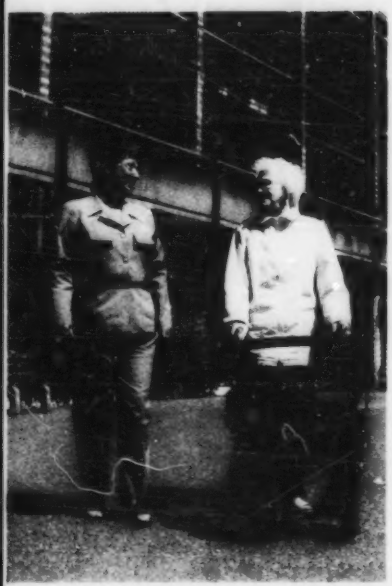
BCBC's strategic direction focuses on customer success through strategic partnerships with customers. In the spring of 2000, one such partnership with the former Ministry of Health resulted in the formation of the Health Services Group.

Health Services Group

In March 2000, BCBC entered into a Memorandum of Understanding with the former Ministry of Health to provide facilities planning and other services that would enable the private sector to deliver $1.2 billion in health-care projects for the Ministry and local health authorities across the province. The Health Services Group was established to deliver on the following key services:

- helping the Ministry of Health and local health authorities plan and deliver facilities throughout BC;
- working collaboratively with private-sector suppliers of health-care and accommodations services to organize development projects for maximum efficiency and cost-effectiveness;
- acting on behalf of government as a specialized owner's agent in real estate, business-case development, private-sector procurement and negotiations; and
- co-ordinating activities with professional service providers and suppliers.

Health Services Group (HSG) has three service teams: the Project Office, Strategic Consulting Services and Regional Services.



Health Services Group is helping local health authorities to deliver new residential-care beds throughout the province.

Health Services Group – Project Office

In response to BC's growing need for long-term health care, the HSG Project Office has one primary objective: to implement the continuing-care renewal strategy by helping local health authorities to deliver new residential-care beds throughout the province — using private-sector resources, including non-profit organizations.

Accordingly, the Project Office has initiated a province-wide call for expressions of interest in developing continuing-care projects, resulting in a database of private-sector and non-profit resources (e.g., developers, financiers and operators) which will be able to participate through a Web-based e-procurement process for individual continuing-care projects through HSG's Web site (www.hsg.bc.ca). This e-procurement process lowers administrative costs, increases transparency and encourages more widespread response.

The HSG Project Office is also assisting in the planning and procurement processes for pilot projects to provide seniors' care, housing and services in Parksville/Qualicum and in South Surrey.

Health Services Group – Strategic Consulting Services

The HSG Strategic Consulting Services team is enhancing capital planning and management processes for the new health ministries and local health authorities. The team assisted the former Ministry of Health in obtaining Treasury Board

approval in principle of the Ministry's long-term capital plan. It developed criteria and a process to objectively rank capital projects requests from health authorities. The team is consulting with the new health ministries and local health authorities on the development of a proposed province-wide inventory-assessment system, is developing a template for the continuing-care health-services plan, and is working to integrate the criteria for health authorities' health service plans.

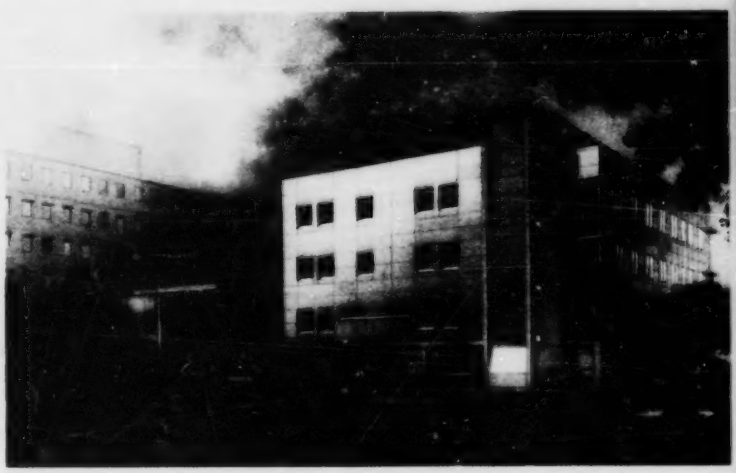
Ranking criteria and process developed by HSG Strategic Consulting Services have also provided the basis for meeting the transparency and objective-ranking requirements recommended in the Deloitte Consulting report on government's capital management process. Functional-assessment criteria developed by Strategic Consulting Services for acute-care and continuing-care facilities are being used to develop new modules for the health capital assessment and planning system (HCAPS).

Health Services Group Regional Services provides development management services for health authorities in the capacity of an owner's agent.

Health Services Group – Regional Services

HSG Regional Services provides development management services for health authorities in the capacity of an owner's agent. Its role is to work with, and on behalf of, health authorities to develop and implement facilities solutions that support health-care delivery in communities throughout the province. Regional Services has been particularly instrumental in helping health authorities to define their business cases: for example, helping the Fraser Valley Health Region and the BC Cancer Agency with their $210-million project to develop the Fraser Valley Health Centre and the BC Cancer Agency's Eastern Fraser Valley Centre. The team is also providing planning expertise for the Northern Interior Regional Health Board, and BCBC is providing project management services to the Board for the $50-million phase one redevelopment of the Prince George Regional Hospital.

HSG Regional Services helped the Simon Fraser Health Region to plan and implement the 200-bed replacement of Cascade Residence in Burnaby, using a Web-based e-procurement process and a new model of replacing inadequate facilities without additional government funding. It is also working with the Simon Fraser Health Region on the potential development of a continuing-care concept on the 28-acre BCBC-owned Woodlands site in New Westminster.



Phase one redevelopment of Prince George Regional Hospital (Northern Interior Regional Health Board).

Regional Services is also helping the BC Mental Health Society and the new health ministries to develop a prototype residential facility at the Riverview Hospital site that will provide specialized care for people with serious mental illness. The BC Mental Health Society and Regional Services are also discussing a broader collaboration to develop a transition plan for Riverview Hospital, consistent with the revised Mental Health Plan.

The success of Regional Services has been dependent on its ability to engage appropriate private-sector resources in the planning and delivery of health-care solutions and ensuring project approvals are obtained in a timely manner.

The BC Cancer Agency's new Vancouver Island Cancer Centre was completed in March 2001, a full month ahead of schedule.

Architects:
Paul Merrick Architects

Construction Manager:
Campbell Construction Ltd.

The BC Cancer Agency's new Vancouver Island Cancer Centre

Prior to its broader involvement in health care through the Health Services Group, BCBC had successfully collaborated with the BC Cancer Agency on the accelerated construction of the BC Cancer Agency's new Vancouver Island Cancer Centre, which was completed — within budget and a full month ahead of schedule — in March 2001.

Kitimat Hospital and Health Centre

BCBC is working with the Kitimat and Area Health Council and the North West Regional Hospital District towards the accelerated completion of the Kitimat Hospital and Health Centre by January 2002.

Architects:
DGBK Architects

Construction Manager:
Bird Construction Co.

Strategic Partnerships with Customers

Development of Service Delivery Guidelines
with the former Ministry of Social Development and Economic Security

This Ministry was responsible for the BC Benefits program. BCBC and Ministry staff worked together to develop new Service Delivery Guidelines by linking the Ministry's strategic direction with a new program service delivery model.

This integrated resource planning process included all elements of service delivery such as human resources, information systems, business processes and accommodation needs. Accommodation solutions and standards will continue to be developed to align with the service delivery model. The pilot project in the Langley Employment and Benefit Centre, which was developed under these Guidelines, has received a Public Service Award for leadership and innovation.

This is the type of strategic partnership that BCBC strives to create with all of its customers. Furthermore, since the Guidelines were designed to be strategic and flexible, they can easily be adapted to the profile of the new Ministry of Human Resources.

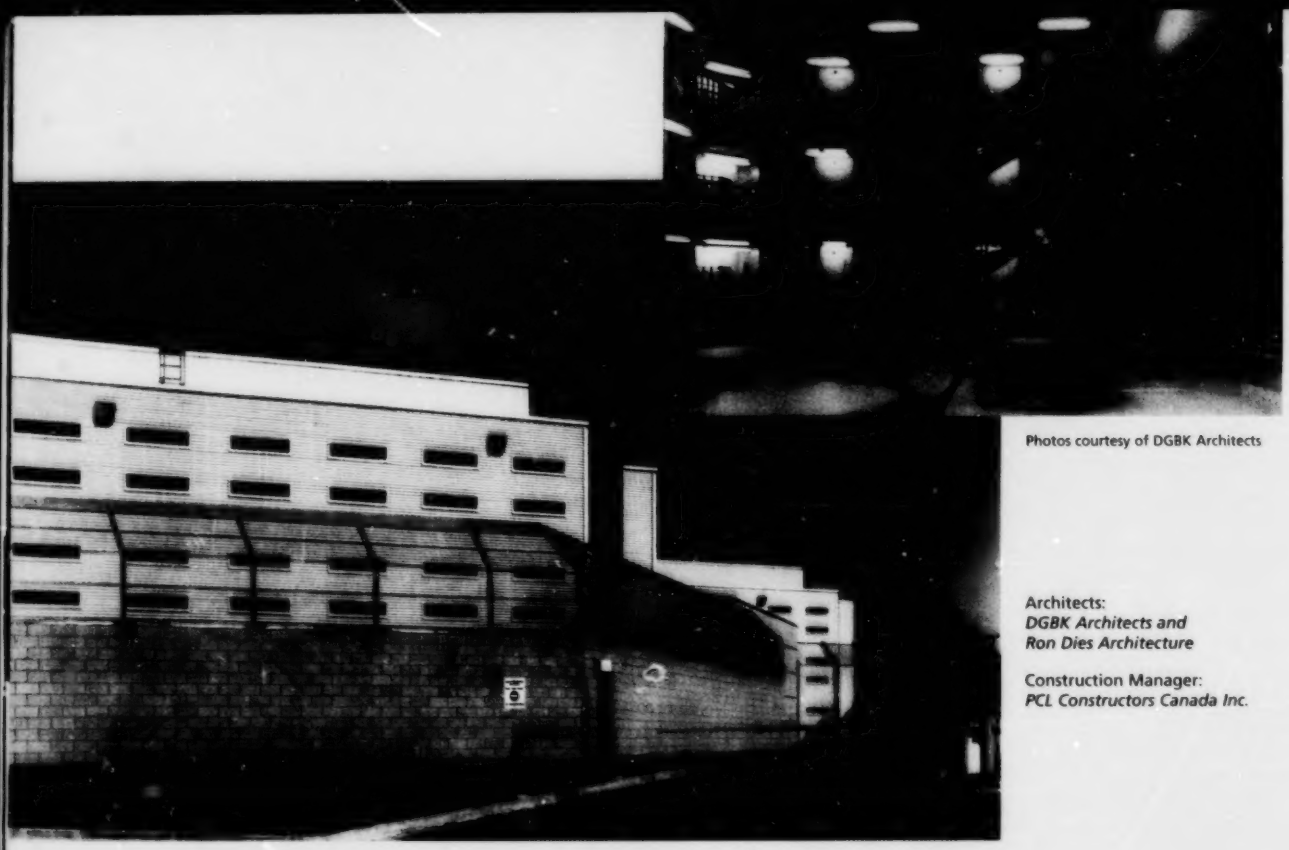
Development of a new approach to planning and designing correctional facilities in BC — North Fraser Pretrial Centre
with the Ministry of Attorney General

With the North Fraser Pretrial Centre, BCBC's partnership with the Ministry of Attorney General resulted not only in a new correctional facility for BC, but an entirely new approach to planning and designing all correctional facilities in BC.

Model of the North Fraser Pretrial Centre.

For the first time, the capital costs of designing and building a correctional facility and the operating costs of staffing and maintaining it were analyzed and evaluated together.

This innovation is truly pioneering. The cross-functional project team explored best practices in Canada and the United States and implemented design features from other jurisdictions.



Photos courtesy of DGBK Architects

Architects:
DGBK Architects and
Ron Dies Architecture

Construction Manager:
PCL Constructors Canada Inc.

The North Fraser Pretrial Centre has set a new cost-saving benchmark for correctional facilities in BC

The integrated facility program review approach has proven its merit beyond all expectations in the substantial cost savings realized on the North Fraser Pretrial Centre:

- Capital costs were reduced by 30 per cent — as compared with the capital costs of the most previously built correctional centre in BC.
- Operating costs were reduced by 31 per cent per year — as compared to the *average* operating costs of the existing major correctional centres in BC.
- Within 10 years, the accumulated total of the savings in operating costs will exceed the costs of construction.

These savings mean that the North Fraser Pretrial Centre has set a new cost-saving benchmark for correctional facilities in BC. In fact, the Ministry and BCBC have been using the same approach in the planning of the new Okanagan Correctional Centre in Kelowna — and improving on opportunities for savings based on reviews of the North Fraser Pretrial Centre.

Technology

Vancouver Island Technology Park

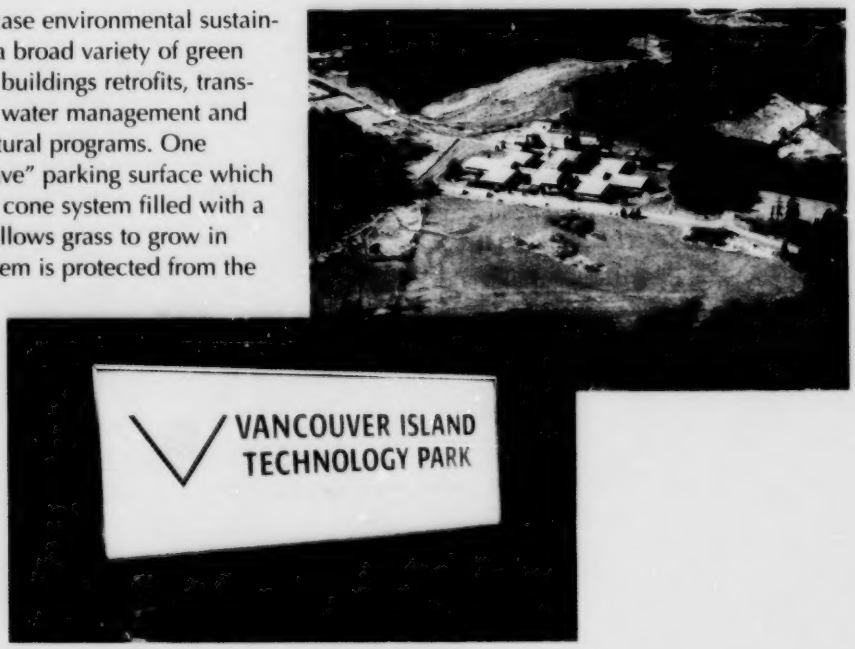
In August 2000, the provincial government announced funding for the Vancouver Island Technology Park at the former Glendale lands. This 35-acre site with 165,000 square feet of space spread through three interconnected buildings housed a residential institution for adults with severe mental disabilities. Program changes in the former Ministry of Health resulted in closure of Glendale in 1996.

BCBC conducted a land-use planning process to determine the best use for the site, and it became apparent that the high-technology industry was an ideal candidate for Glendale. Factors such as Glendale's park-like setting, the existence of usable buildings and room for expansion, and its proximity to universities and colleges satisfied primary needs for research and development parks for the high-technology industry. Treasury Board approved $11.9 million for renovations and upgrades for the Vancouver Island Technology Park.

The primary objective is to establish the Park as a focal point for private-sector, government and educational initiatives which support the growth of local technology firms and attract new ones to the province. BCBC's educational partners in this innovative venture are the University of Victoria, Royal Roads University and Camosun College. Our industry partner is the Vancouver Island Advanced Technology Centre (VIATeC), the industry association that has over 550 members on the Island.

The Vancouver Island Technology Park is intended to be a focal point for private-sector, government and educational initiatives which support the growth of local technology firms and attract new ones to the province.

The Park will also showcase environmental sustainability by incorporating a broad variety of green strategies, such as green buildings retrofits, transportation options, waste water management and integration with horticultural programs. One example is the "Grass Pave" parking surface which incorporates a fiberglass cone system filled with a growth medium which allows grass to grow in place while the root system is protected from the



automobile traffic. This system allows surface water to be absorbed into the soil along with any petroleum discharges from vehicles, which are broken down by micro-organisms in the soil, rather than running off into the surface stream system.

Another example is a new-to-BC "waterless urinal" product that is estimated to save over a million litres of water annually in the first phase of the project alone. These green strategies are being initiated at the same or less cost than conventional methods, while reducing operating costs and environmental impact.

This partnership will lower the total cost of building and telecommunication services to government through the co-ordinated selection and development of buildings and network locations.

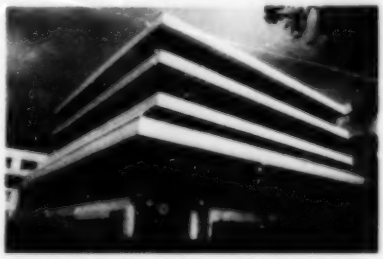
Partnership with the Information and Technology Services Division

This partnership, initiated in March 2001, was designed to demonstrate leadership to our mutual customers through improved service delivery.

The Information and Technology Services Division (ITSD) is the central agency of government responsible for providing information technology services to ministries and government agencies. Through our new partnership with ITSD, BCBC can provide comprehensive accommodation services to our customers, including physical accommodation, environmental and telecommunication (voice, data and network) services. We will also lower the total cost of building and telecommunication services to government through the co-ordinated selection and development of buildings and network locations.

This agreement with ITSD ensures that all new government construction and renovations to existing owned or leased buildings include the level of structured cabling needed for technologically connected workplaces. This type of agreement can also lead to other innovative partnerships such as combining voice and data services to ensure these technologies are incorporated in the up-front planning for facilities.

Over the next fiscal year, BCBC and ITSD will be collaborating on 10 pilot projects. One of these pilot projects is an "Adaptable Workspace Lab," proposed for 810 Blanshard Street in Victoria. This Adaptable Workspace Lab project is designed to demonstrate how information communications technology and physical workspace function together to create a workplace that adapts quickly and cost-effectively to the changing needs of our customers.



An Adaptable Workspace Lab pilot project is proposed for 810 Blanshard Street in Victoria.

A key focus of the pilot will be to test, monitor and transfer knowledge about building infrastructure, technologies, fit-up and furnishings, voice, data and desktop communications that enable adaptability and flexibility. Work is expected to begin on the project in the late fall of 2001.

BCBC's E-Business Strategy

In the spring of 2001, the Corporation completed the development of an E-Business Strategy, to be implemented by a dedicated senior team reporting directly to the President and CEO.

BCBC's E-Business Strategy is focused on using electronic means to drive innovation and excellence in service delivery, strengthen customer relationships and develop new electronic business-to-business partnerships that will complement BCBC's traditional services.

The E-Business Strategy will be implemented in consultation with a focus group of our customers. Their feedback will ensure that the electronic access we deliver is what they really need.

BCBC's customers will benefit from easy access to electronic information which will support their daily analysis and decision-making, as well as a broad variety of technical and contact information. They will also be able to initiate online requests for services such as tenant improvements, new lease requirements and planning services.

The BCBC E-Business Strategy will maximize value to customers, shareholder and communities by increasing access to services and improving response times, cutting red tape and reducing paperwork.

BCBC employees will make extensive use of electronic tools to share information and collaborate with project teams that are focused on delivering accommodation solutions to communities across the province.

Community Sustainability

Outsourcing to community private-sector suppliers

BCBC has long operated on the principle that managing the delivery of accommodation, real estate, operations and maintenance, design, and construction services is best provided through in-house expertise, but that the actual delivery of most of these services is best accomplished through the private sector. Accordingly, BCBC is essentially an accommodation and real estate management corporation which outsources most of its day-to-day operations.

In fact, BCBC outsources about 80% of its services and returns over $1 million a day to more than 7,000 community suppliers of space, materials and services throughout the province. To cite just one specific example, BCBC currently leases a total of 7.4 million square feet of space from 978 private-sector landlords throughout BC.

BCBC outsources about 80% of its services and returns over $1 million a day to more than 7,000 community suppliers of space, materials and services throughout the province.

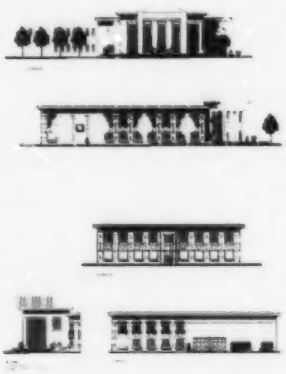
Strategic partnerships with communities

The Chilliwack Five Corners Project is the focus of a four-way partnership involving the City of Chilliwack, BCBC, the Ministry of Attorney General and Van Maren Construction.

Chilliwack Five Corners Project

The Chilliwack Five Corners Project is the focus of a four-way partnership involving the City of Chilliwack, BCBC, the Ministry of Attorney General and Van Maren Construction. Surrounded by attractive historic buildings, Five Corners will anchor the revitalization of downtown Chilliwack with a new courthouse, an office/retail building, and a new Millennium Clock Tower and civic plaza.

The City assembled the land for these new buildings on the understanding that BCBC would purchase the land for the new courthouse, which BCBC will in turn lease to the Ministry. Van Maren Construction will also build, own and operate the adjacent office building, much of which will also be leased to the Ministry for Crown Counsel and Community Corrections offices. The City will own and maintain the public plaza and clock tower in the civic space linking the two new buildings.



Courtesy of Killick, Metz, Bowen, Rose Architects Planners Inc.

Architect's renderings of the Chilliwack Five Corners Project.

Design Builder:
Van Maren Construction

Architects:
Killick, Metz, Bowen, Rose Architects Planners Inc.

The various partners' contributions will benefit all stakeholders — particularly, the community residents. The City of Chilliwack assembled an attractive and well-located site for the courthouse building and public plaza. The courthouse design will harmonize with the surrounding historic buildings, and Van Maren Construction will manage the construction of the new courthouse as well as the tenant improvements for the office building.

BCBC becomes the "in-house real estate department" for the Resort Municipality of Whistler

In recent years, the Resort Municipality of Whistler has been expanding rapidly, and faced with complex and increasing community needs, requires a number of new facilities — including a library, museum, and a firehall.

BCBC and the Resort Municipality of Whistler had worked together earlier on some pilot projects, including completing an energy audit and upgrade of the Meadow Park Sports Centre (where a 2.5-year pay-back will result in energy savings of $25,000 per annum). The Municipality's satisfaction with BCBC's real estate expertise and its understanding of unique public-sector sensitivities and issues has resulted in a formal agreement with BCBC in which the Corporation is fulfilling the role of its "in-house real estate department."

BCBC is now leading the feasibility assessments of the Municipality's new library and museum and helping to manage the process of site selection and

Whistler's satisfaction with BCBC's real estate expertise and understanding of unique public-sector issues has led to BCBC acting as its "in-house real estate department."

Resort Municipality of Whistler.

negotiation, as well as the evaluation of potential private-sector partners. BCBC is also working with the Municipality on the development of an urgently needed firehall.

On all of these projects, BCBC is providing Whistler with expert advice on incorporating green building strategies into their development. Whistler's partnership with BCBC enables it to tap into skilled resources on an as-and-when-needed basis — which is an ideal arrangement for a small municipality.

Integrated Accommodation Planning

The Corporation's community-based Integrated Accommodation Planning (IAP) program leads to more efficient use of space by bringing all levels of government together to share information about their space inventories and requirements.

The IAP pilot project in Nanaimo resulted in a complete inventory of public space within the city, including detailed information on everything from zoning improvements to historical information and data on appraised value, location, site analysis, environmental and seismic assessments. It also provided opportunities for different public-sector organizations to collaborate on emerging accommodation needs — to the benefit of the taxpayer.

Integrated Accommodation Planning projects are expected to create significant savings on future capital requirements and operating costs. Currently, BCBC is leading an IAP initiative in the Kelowna area. All public-sector agencies have been canvassed for a needs analysis of their current and long-term space requirements, and some potential co-location opportunities have already been identified. In addition, BCBC has established an electronic (Extranet) inventory of space supply in the area and is planning to develop an IAP Web site to support sharing of program information.

Environmental Management

An Environmental Management System is very much like a financial, accounting or human resources management system — it is the organizational structure and supporting network of practices that ensure a high level of environmental performance is achieved and maintained. In December 2000, BCBC became the first provincial public-sector organization in Canada to achieve corporate-wide registration to the International Standards Organization (ISO) 14001 standard — the predominant standard in the world.

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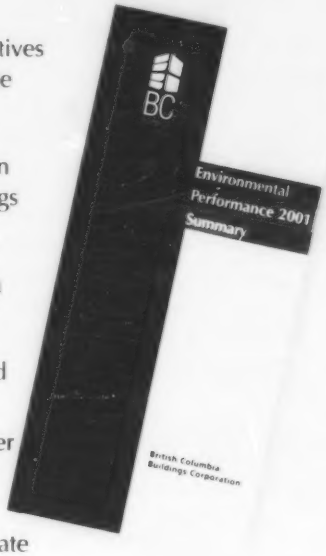
BCBC has been actively engaged in several other initiatives that reduce our environmental impacts and demonstrate environmental leadership.



BCBC is delivering, on behalf of government, the Green Buildings BC – Retrofit Program and the Green Buildings BC – New Buildings Program.

Green buildings are high-performance buildings from a number of perspectives:

- For customers – they maximize building systems and functioning and foster productivity.
- For owners – they cost much less to operate and offer enhanced marketability and asset value.
- For the environment – they make highly efficient use of energy and other natural resources and generate minimal waste and greenhouse gases.
- For the community – they minimize demands on the local infrastructure and integrate with the local architecture and landscaping.

BCBC also administers highly successful remediation and pollution prevention programs. The Corporation's energy management program has won international awards and saved BC taxpayers over $130 million over the past 22 years.

For more specific information about BCBC's environmental management, please see the *Environmental Performance 2001 Summary* included with this Annual Report.

Education

UBC at Robson Square

This fall, the University of British Columbia is scheduled to open its long-awaited downtown campus on the plaza and conference levels of Vancouver's Robson Square, thanks to a 10-year renewable lease agreement the University signed with BCBC in November 2000.

UBC took possession of its 75,000-square-foot rental space on May 1, 2001 to begin tenant improvements. The new campus will include a UBC library and bookstore.

This UBC-BCBC arrangement increases access to education and community learning opportunities in downtown Vancouver and fulfils the vision for Robson Square as an intellectual and cultural hub for the city of Vancouver.

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Memorandum of Agreement with Conseil Scolaire Francophone de la Colombie Britannique

BCBC signed a five-year Memorandum of Agreement with Conseil Scolaire Francophone de la Colombie Britannique (CSF) in July 1999 to provide property management services for seven schools. Established in 1996 to administer French-only schooling in the Lower Mainland, CSF is now responsible for the entire province.

As part of the CSF capital start-up program, Treasury Board approved nearly $60 million for the construction of new schools and upgrades to existing facilities acquired by CSF. This required CSF staff to establish some 40 school programs throughout the province over a four-year period.

An initial one-year trial service period proved the value of BCBC's depth and range of services to CSF and led to a five-year Master Agreement with BCBC to provide property management and asset maintenance services on the stand-alone school facilities operated by CSF — now a total of nine sites.

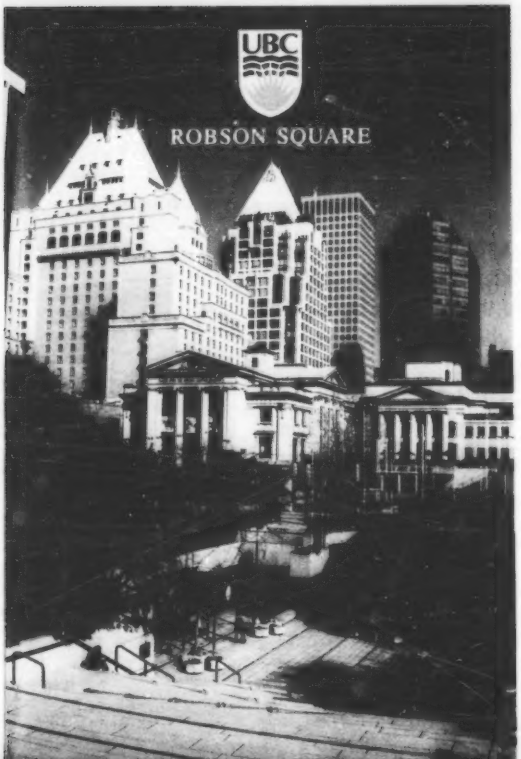


Photo by Stephen Emmerson/Raven Design Consultants

Youth Employment

Generation Y/Youth Employment Project

In March 2001, BCBC received the Conference Board of Canada's Top Employer of Youth Award for British Columbia for its Generation Y program.

BCBC's Generation Y Youth Employment program helps young people to make the transition from the streets to gaining full-time employment.

BCBC developed this program to assist at-risk youth, ages 17 to 24, to obtain six months of work experience in one of three areas: gardening, recycling, or heating, ventilation and air conditioning. A classroom component focuses on life skills, conflict resolution, writing and computer skills. Participants are encouraged to complete high school, or equivalent, and pursue post-secondary opportunities, including trades, where appropriate. This program helps these young people to make the transition from the streets to gaining full-time employment.

A Generation Y class – on the job with Dave Whitworth, BCBC Gardener (Burnaby/New West/Tri-Cities District).

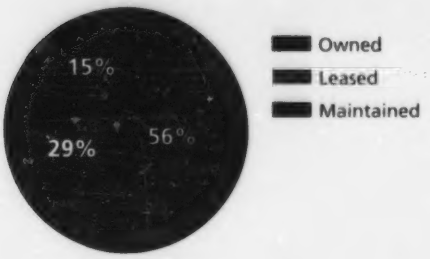
Responsible and Accountable Management

BCBC is structured similarly to a private-sector enterprise. The Corporation uses private-sector management and accounting methods and is completely revenue-dependent.

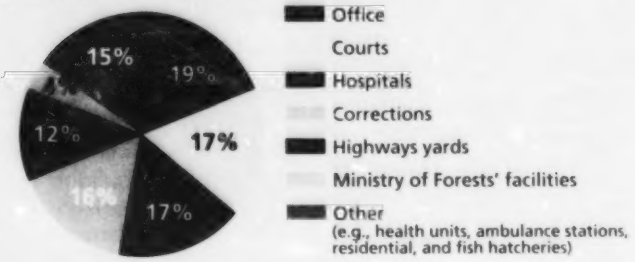
Under the BCBC model all accommodations, operations and maintenance costs are detailed in ministries' budgets. Ministries must rationalize their space requirements, which are then approved, as part of the ministry budget allocation, by Treasury Board.

By charging market-based rent to customers, and including operations and maintenance charges, service costs and administrative fees in customers' occupancy charges, the Corporation has provided a true reflection of costs for inclusion in ministry budgets and ensured the efficient use of real estate by ministries.

% of Total Square Metres by Status



BCBC-owned % of Total Square Metres by Asset Category



Accommodation costs are largely driven by the nature of the accommodations required by each customer and are influenced by the cyclical nature of the construction and real estate markets. BCBC is responsible for ensuring that government — and ultimately the taxpayer — gets value for its accommodation-related spending by maintaining a balance of leased/owned properties and ensuring that facilities are delivered on schedule and within budget.

BCBC is responsible for ensuring that government gets value for its accommodation-related spending by maintaining a balance of leased/owned properties.

Benchmarking performance and costs to ensure market comparability

The Corporation regularly compares its performance against the private sector through independent pricing benchmark studies on its products and services.

To ensure objectivity in conducting these studies, the terms of reference are approved by the Pricing Steering Committee, chaired by a Treasury Board Staff Director and including senior representation from three client ministries, the Office of the Comptroller General and the former Crown Corporations Secretariat. Independent consultants are utilized and the results of the studies are presented to the Steering Committee prior to sharing the information with the Corporation's customers.

In addition to providing comparisons to the private sector, these studies also identify best practices and differences with industry. The studies can trigger pricing policy reviews/changes, as well as identifying areas of service improvement for the Corporation.

Such pricing studies include the following:

- **Leasing** – Negotiating, executing, administering and managing leases for space with private-sector landlords on behalf of its customers.

Summary of benchmark study conclusions

- BCBC is able to acquire space at below-market prices throughout the province. A study was completed in 2000 using leases negotiated by BCBC in 1999 to compare against leases negotiated in the same timeframe in the private sector. The study concluded that space acquisition was 0.9 per cent lower than market in the Lower Mainland; 3.1 per cent lower in Victoria;

BCBC regularly compares its performance against the private sector through independent pricing benchmark studies on its products and services.

and 5.2 per cent lower in the Interior. This represents significant savings to customers, particularly given the special terms and conditions that are negotiated in BCBC leases to ensure maximum flexibility for the unique needs of BCBC's public-sector customers.

- BCBC's lease negotiations are at or below market, and in general have lower lease administration costs based on equivalent service levels — BCBC: 4.5 per cent; market: 6.5 per cent. BCBC's standardized lease agreements provide building owners with a guaranteed and reliable tenant and their standard format creates cost savings for government.

- **Property Management** – Providing operations and maintenance services on corporate-owned properties and in select cases, on leased properties.

  Benchmark Study Conclusions

  A 2001 study concluded that BCBC operations and maintenance costs were 1.8 per cent lower than market in the Lower Mainland; 12.2 per cent lower than market in Victoria; and 6.7 per cent lower than market in the Interior.

- **Development Services** – Planning and project management on construction projects.

  Benchmark Study Conclusions

  A 2001 study concluded that BCBC's pricing for project management services was competitive with the market for both new construction and renovation projects.

adapting to new opportunities

As BC Buildings Corporation looks forward to marking its twenty-fifth anniversary as a Crown corporation serving the public interest of British Columbia, it will continue to adapt to new opportunities to best serve the public interest and to maximize value to its customers, the shareholder and BC communities.

Current BCBC Governance Model

BCBC's governance framework is based on the principle that corporate planning and policy determination is a joint Board/Management responsibility. As such, the Board, with the participation of Management, is responsible for the overall vision for the Corporation. The Board's responsibilities include overseeing the conduct of the business of the Corporation and the activities of Management, which is responsible for the overall strategic performance and day-to-day operations of the business. In this regard, the Board Chair, on behalf of the Board, and the President and Chief Executive Officer (CEO), on behalf of Management, work closely on all significant strategic issues.

Composition of the Board

The Board is appointed by the Lieutenant-Governor pursuant to Orders-in-Council, for terms of one to three years, which are renewable. The Board is composed of a maximum of nine outside or independent directors. Directors are chosen on the basis of the skills, expertise and experience required for the Board to carry out its responsibilities successfully.

Directors are under a fiduciary duty to the Corporation to carry out the duties of their office honestly and in good faith, and in the best interests of the Corporation. Directors are required to sign a declaration that they agree to conduct themselves in accordance with the BCBC Code of Conduct, which sets out the standards of corporate behaviour relating to the duties of care and ethical standards for both Board members and employees.

Committees of the Board

The Board has established and adopted terms of reference for two Board committees: an Audit Committee and a Human Resources Committee. Additional Board committees may be established by resolution of the Board when a perceived need is identified. The Board may also establish ad hoc groups to undertake specific tasks.

The Audit Committee is composed of a minimum of three Board directors. The committee is chaired by a Board member who is recommended by the Board Chair and approved by the Board. This committee is responsible for reviewing the internal audit plan; overseeing the audit function as performed by both external and internal auditors; reviewing the annual external audit report and audited financial statements; participating with Management in the periodic selection of the external auditor; and reporting to the Board on its activities, findings and recommendations as appropriate. Management's interface with the Audit Committee is the responsibility of the Vice President, Finance and Chief Financial Officer.

The Human Resources Committee is composed of a minimum of three directors. The committee is chaired by a Board member who is recommended by the Board Chair and approved by the Board. The committee has the following duties and responsibilities:

- Reviewing information presented by Management and making recommendations as appropriate concerning: collective bargaining terms of reference; corporate-wide compensation policy and plans; corporate-wide incentive programs; and the compensation, annual performance plan, performance evaluation, succession planning and recruitment/selection relating to the President and CEO;
- Reviewing the recommendations of the President and CEO regarding: the compensation, benefits, perquisites and incentive levels of the Vice Presidents; the annual performance evaluations of the Vice Presidents; and proposed personnel changes involving senior officers reporting to the President and CEO; and
- Monitoring and reviewing the Corporation's key human resources policies and practices, as proposed by the President and CEO.

Management's interface with the Human Resources Committee is the responsibility of the President and CEO and the Vice President accountable for Human Resources.

Role of the Chair of the Board

The Chair of the Board is selected by government and is a member of the Board appointed by the Lieutenant-Governor pursuant to an Order-in-Council. The Chair provides leadership in guiding the Board and co-ordinating its activities in the best interests of the Corporation. In performing this role, the Chair manages the affairs of the Board and works closely with the President and CEO in a co-leadership role in overall corporate strategic planning and policy determination.

Role of the President and CEO and Management

The President and CEO is accountable to the Board; shares strategic leadership responsibilities with the Chair and Board; provides executive leadership to the Corporation as a whole; and directs management and staff. The President and CEO is accountable for the overall strategic performance and operation of the Corporation. Members of management report to the President and CEO, and to the Board and its committees, on a regular basis to review the Corporation's financial and operational results and the Corporation's progress in fulfilling its strategic goals and objectives.

Interface with (Relationship to) the Shareholder

The Minister responsible is the representative of the Shareholder and is responsible to the public, through the Legislative Assembly, and to Cabinet to ensure that the Shareholder's expectations have been adequately communicated and acted upon by the Corporation.

The Board provides policy direction and oversight to corporate management to ensure that the Corporation effectively fulfils its mandate and, therefore, meets Shareholder expectations.

The Board, represented mainly by the Chair, takes primary responsibility for the interface between the Shareholder and the Corporation. In this regard, the Chair works closely with the President and CEO.

Governance Review

BCBC's corporate governance structure is currently being reviewed by the BCBC Board of Directors and Management. The purpose of the review is to develop a governance framework for the Corporation which:

- Utilizes best practices of corporate governance;
- Clarifies the lines of responsibility and accountability;
- Promotes an effective working relationship between the Board, Management and the Shareholder; and
- Sets out agreed objectives, expectations and results in meeting the corporate mandate.

The review began in the fall of 2000 and is on-going. The work to date has resulted in affirmation of the validity of the current governance model and has identified a number of areas which require further clarification or development, including:

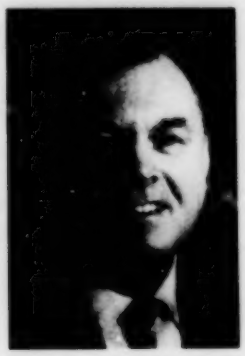
- Board and Management roles in strategic planning and policy development;
- Board training and orientation; and
- Board self-evaluation process.

A Governance Manual that incorporates the results of the governance review to date has been developed. It is expected that the Governance Manual will be finalized and approved by the Board during the 2001/02 fiscal year.

Doug Allen
Chair (Victoria)

Bernie Blackburn
(Prince George)
To January 2001

Peter Cook
(Vancouver)
Appointed May 2000



Bruce Ferguson
(Surrey)
To January 2001

Cathy Flikweert
(Victoria)
Appointed July 2000

Carole Gillis
(Kamloops)

Stephanie Green
(West Vancouver)
To June 2000

Robert Hobson
(Kelowna)
Appointed February 2001

Jageero (Jag) Johl
(North Vancouver)

Patrick Kelly
(Vancouver)
Appointed February 2001

Don O'Conner
(Delta)
Appointed May 2000

Kehar Sekhon
(Vancouver)

Management Committee

L–R

Sharon Halkett
Executive Vice President

Dennis Truss
President and Chief Executive Officer

Lak Parmar
Vice President, Finance and Chief Financial Officer

Jim Gugin
Vice President, Real Estate Development

Brian Kennedy
Vice President, Property Management

Dennis Truss
President and
Chief Executive Officer

I am pleased to report upon a year in which BC Buildings Corporation (BCBC) continued to evolve as a shared-services provider of real estate and accommodation services to government and the BC public sector, increasing its value beyond just providing traditional building solutions to creating workplace and institutional environments that best serve our customers' needs and contribute to their success.

By becoming intimately knowledgeable of customers' business and strategic service delivery objectives, the Corporation has assumed a greater partnership role in contributing to its customers' success. In addition, the Corporation has undertaken significant initiatives in the effective stewardship of provincial real estate assets entrusted to it.

The fiscal year 2000/01 marked the completion of the first year of our Strategic Plan/Performance Plan 2000–2003. This was a year that emphasized building the foundations required to support the Corporation's shift in its business model to one focused on customer success, while continuing to strengthen its systems and processes to enhance cost minimization.

The following report on our performance highlights the diversity and extent of the initiatives undertaken during the year and confirms the strategic focus the Corporation has placed on customer success. An independent external study conducted this year compared the BCBC model to other national and international jurisdictions and concluded that this customer-centred focus is truly a global best practice.

The same external study also concluded that the BCBC Crown corporation model ensures accountability to all stakeholders and facilitates cost-effective decision-making within government. The theme of our annual report this year — maximizing value for customers, shareholder and communities — is supported by the many examples within the report that demonstrate the value added by the Corporation to these key stakeholders.

For 24 years now, the Corporation has been efficiently and effectively planning and operating its business. This year, I am pleased to report the Corporation has been distinguished for its record of responsible and accountable management. In support of the government's new Crown Corporation Governance Framework, the former Crown Corporations Secretariat assessed BCBC to be a low-risk Crown corporation from the perspective of the required level of monitoring by/reporting to the shareholder. The Corporation's first Shareholder's Letter of Expectations has also been drafted as required under this Framework. I am also pleased to report that the Corporation's strategic planning and performance systems have been used as a model for other Crown corporations within the government.

This past year, a prominent example of how we maximized value for the shareholder, as well as customers and communities, was the Health Services Group — an initiative of the Corporation and the former Ministry of Health. The Health Services

Group resulted from a five-year Memorandum of Understanding between BCBC and the Ministry designed to provide better access to health care throughout BC. Under the Memorandum of Understanding, Health Services Group staff, working with health-care and other experts, bring portfolio management, inventory assessment, long-range capital planning, and accommodations and facilities expertise through a team structure to deliver the health-care objectives outlined in the five-year Memorandum of Understanding.

In fiscal year 2000/01, I am pleased to report, the Health Services Group exceeded expectations in terms of assisting the Ministry in capital planning. The Ministry had its capital plan approved, and a strategy for meeting critical long-term care needs has been developed. Furthermore, agreements are in place with a number of health authorities around the province to provide services, primarily through private-sector suppliers, to a variety of health-care sectors — continuing care, acute care, mental health and cancer treatment.

BCBC is also playing a role in fostering the high-technology sector of our knowledge-based economy. I am particularly pleased to report the creation of the Vancouver Island Technology Park on the former Glendale Hospital site in Saanich. Our primary objective is to establish the Park as a focal point for private sector, government and educational initiatives which support the growth of local technology firms and attract new ones to the province. Our educational partners in this pioneering venture are the University of Victoria, Royal Roads University and Camosun College. The Vancouver Island Technology Park represents a particularly innovative example of BCBC's effective stewardship of provincial real estate assets.

The Corporation has continued to implement its aggressive Environmental Management Plan, with a prime emphasis on contaminated site remediation, pollution prevention, and solid waste reduction. During the year, BCBC received corporate-wide International Standards Organization (ISO) 14001 registration — making it the first provincial public-sector agency in Canada to achieve such recognition. More specific information about the Corporation's environmental management is available in the *Environmental Performance 2001 Summary* included with this Annual Report.

The following *Report on 2000/01 Performance* provides specific information about our major initiatives and our performance results during the 2000/01 fiscal year. I believe that these results demonstrate the Corporation's ongoing commitment to maximizing value to all our stakeholders, to sound financial management, to accountable strategic management and to responsible and innovative stewardship of the assets entrusted to us. We also continued to foster a high-performance culture in which employees embrace continuous improvement and seize opportunities to improve service delivery.

On behalf of the BCBC executive, I would like to take this opportunity to thank Doug Allen, Chair, and the other members of our Board of Directors for their support and assistance throughout the year.

I would like to thank in particular those members who left the Board during the year for their valuable contribution: Bernie Blackburn, Bruce Ferguson, Stephanie Green and Kehar Sekhon.

I welcome and also thank those members who joined the Board during the year: Peter Cook, Cathy Flikweert, Patrick Kelly and Don O'Connor. To Robert Hobson, who returned to our Board this year, I extend a sincere welcome back.

I would like to take this opportunity to welcome our new Minister responsible, the Honourable Sandy Santori, and I look forward to working with him as we advance the priorities of the new government.

On behalf of the Corporation, I would also like to express our appreciation to our former Minister responsible, the Honourable Paul Ramsey, for his support during the past fiscal year.

Finally, the Vice Presidents join me in extending our most sincere appreciation to our employees for their dedication and commitment to providing maximum value for our customers, our shareholder and communities throughout BC.

Dennis Truss, FCA
President and
Chief Executive Officer

BCBC defined a new vision in its *2000–2003 Strategic Plan/Performance Plan* and identified five strategic objectives to guide the Corporation in achieving its vision.

The five strategic objectives are:

1. **Customer Success**
   Provide best value solutions and service delivery which contribute to our customers' success.

2. **Strengthening Our Foundation**
   Continuously review and improve the BCBC model and the way we do business to optimize corporate performance.

3. **High-Performance Culture**
   Foster a high-performance culture to ensure corporate, team and individual success.

4. **Innovative Stewardship**
   Provide innovative stewardship of public real estate assets, while contributing to the economic, social and environmental sustainability of communities.

5. **Business Development**
   Extend our business where it improves the efficiency and effectiveness of the public sector.

In the *Strategic Plan/Performance Plan*, these objectives are broken down into more specific goals that define the Corporation's desired outputs and outcomes, and strategies which guide activities to achieve the goals. Each year, an *Annual Plan* is developed that translates these three-year strategies and goals into annual tactics and performance measures.

The ***Report on 2000/01 Performance*** presents performance results against the *2000/01 Annual Plan*. For each strategic objective, the report includes the following two sections:

- *Strategy progress* – a narrative progress report for each strategy; and
- *Performance results* – an overview of actual performance results for each goal.

Through providing details on both strategy progress and performance results, this report provides an important annual signpost on the Corporation's journey to its vision.

Strategic Objective 1 – Customer Success

Provide best value solutions and service delivery which contribute to our customers' success

Strategy Progress

Develop and implement a customer relationship management framework that focuses on improved responsiveness and flexibility.

- A customer relationship management framework was developed, and a new account management system has been implemented that focuses BCBC on contributing to the success of its customers.

BCBC will support major government and customer priorities by identifying and pursuing opportunities to improve program delivery and reduce costs.

- Significant capital and/or cost-avoidance opportunities were identified as a result of work done with the Ministry of Health to refine and enhance its capital planning and budgeting process to facilitate more cost-effective health-care delivery throughout the province.
- Agreements are in place with Health Authorities from several regions to provide master development planning.
- Agreements are in place with Health Authorities and Health Agencies to provide services to a variety of sectors—Continuing Care, Mental Health, Cancer Treatment and Acute Care.
- The North Fraser Pretrial Centre project was completed on schedule and was officially opened March 2001. The project was completed $4.9 million under its total project budget of $49 million.
- The Vancouver Island Cancer Centre project was completed one month ahead of schedule, within budget and was officially opened March 2001.
- BCBC assisted the Ministry of Social Development and Economic Security in the development of Service Delivery Guidelines. These were applied to the Merritt office relocation and are being applied to the Terrace and Smithers office replans and consolidations.
- Meetings were held with many ministries to understand their future direction and establish priorities with respect to their accommodation and real estate needs.

Implement the Community Service Delivery Model (CSDM) to better serve our customers.

- Accommodation Planning, Leasing, and Project Management staff have now been located in all eight districts, and Service Improvement Teams have been established to focus on managing and resolving customer issues and ensuring continuous improvement.

Strategic Objective 2 – Strengthening Our Foundation

Continuously review and improve the BCBC model and the way we do business to optimize corporate performance

Strategy Progress

Review and improve our business practices, systems and processes to enhance our competitiveness and better respond to customer, shareholder and employee needs.

- A new performance measurement system has led to improved information for management decision-making.
- Guidelines for conducting Corporate Business Process Improvement projects have been developed.
- A corporate E-Business Strategy has been developed and is being implemented; bandwidth has been increased to some service centres.

Review and improve the BCBC business model to ensure best value to our shareholder.

- Several external studies were conducted to compare the BCBC model to other jurisdictions (national and international). These studies concluded that the Crown corporation model ensures accountability to all stakeholders and cost-effective decision-making within government, and that BCBC's strategic focus on customer success is a best practice, as are some of BCBC's core processes (i.e., Accommodation Planning).

Link corporate, team and individual performance accountabilities to the needs of our customers and shareholder.

- All 2001/02 group plans and supporting annual department and district plans are in place. Accountabilities for service delivery are articulated in department and district plans. Individual performance development plans cascade from department plans.
- Core services have been defined and core service owners identified.

Strengthen our shareholder relationships to ensure we are responsive to needs and priorities.

- The President and Vice Presidents continue to meet with shareholder representatives.
- On behalf of government, the Corporation assumed leadership of the Green Buildings BC – New Buildings and Retrofit programs.
- As part of the 2001/02 Shareholder's Letter of Expectations, which has been drafted, the Corporation received a "low" risk designation for its capabilities to effectively manage its operations and mitigate risk.
- BCBC participated in the Capital Division-led initiative to develop a Capital Management Framework.

Performance Results

Customer satisfaction and responsiveness

- Ratings of overall customer satisfaction increased from 68% in 1999 to 69% in 2000. A target of 73% has been set for 2001/02; this is an aggressive target for a public-sector agency.
- Customers also rated the Corporation at 78% for service provision. This excellent result compares favourably with multi-industry service performance benchmark data (Canadian Centre for Management Development, 1999).
- A baseline of 67% for responsiveness to customer expectations was also established, and a target for improvement will be set.

Business retention

- The 95% business retention target was exceeded. BCBC retained all but one customer last year, representing greater than 99.9% revenue retention. To ensure continued high retention of business, new strategies to enhance customer satisfaction are being implemented.

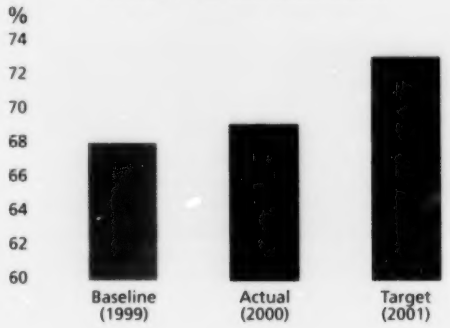
Outcome commitment fulfilment

- The Corporation has put a process in place for measuring the extent to which documented customer expectations have been met and will be in a position to report results next year.

Annual cost savings to customers through business expansion and innovation

- BCBC achieved almost $3 million in direct annual savings to customers, more than doubling the $1.4 million target.
- Savings were realized through innovative solutions implemented in large capital projects, as well as through innovations and improvements in space planning, property management, service delivery, procurement, project management and energy management approaches.

Overall Customer Satisfaction



Performance Results

Cost of operations and cycle time for core processes

- A core process review will be conducted in 2001/02. Progress towards a 15% reduction target in costs of operations and cycle time will be reported.

General and administrative costs

- General and administrative costs of 2.50% of revenues were slightly higher than the target of 2.45%. This difference can be explained, in part, by higher than budgeted front-end costs for new business in the health sector.
- A process is being put in place to benchmark these costs externally.

Ratio of area managed per employee

- The overall ratio decreased by 3.5% from last year. However, when considering only employees with operations and maintenance (O&M) responsibilities, the ratio increased by almost 2.5%.

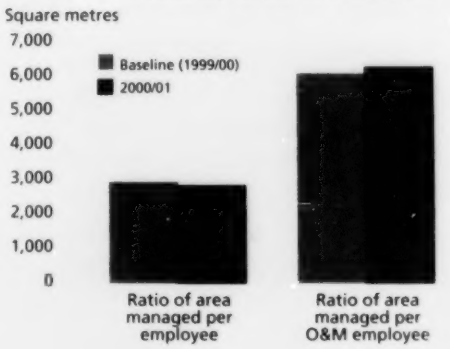
Operating and maintenance costs per square metre for owned buildings

- Operating and maintenance costs increased by 6% for market properties and by 4.6% for other owned buildings. Significant escalations in fuel energy prices accounted for 66% and 87% of these increases respectively.
- These costs will be benchmarked with other jurisdictions and the private sector over the coming year.

Contribution margin for each core service

- Contribution margin targets for next year will be set by July 31, 2001.

Ratio of Area Managed per Employee



Strategic Objective 3 – High-Performance Culture

Foster a high-performance culture to ensure individual, team and corporate success

Strategy Progress

Align team and individual performance and learning goals with our Strategic Objectives and Core Values through our Performance Development Process.

- The Performance Development Process (PDP) is being phased in; by 2003 all employees will be participating. The implementation of the PDP correlates with significant improvements in employee survey results relating to 1) timeliness of performance reviews; 2) usefulness of PDP in improving job performance; and 3) understanding of the linkage between an individual's job and corporate strategic objectives.

Recognize and reward contributions of teams and individuals in achieving our Strategic Objectives and living our values.

- Successes continue to be celebrated across the organization.
- The new strategic recognition program has been introduced and will be implemented in 2001/02.

Develop and implement human resource planning and recruitment strategies to ensure that the Corporation has an appropriately skilled and diverse workforce to support its business priorities.

- A corporate workforce planning framework has been developed and an implementation plan is underway.
- A human resource plan was developed for each of the district offices.
- BCBC won the Conference Board of Canada's Award for "Top Employer of Youth" for the province of British Columbia.
- The Corporation also received an award from Multiculturalism BC.

Increase leadership and management capabilities to foster effective teamwork, communication and change management across the Corporation.

- The President's Committee participated in a customized leadership development program at Royal Roads University.
- A Corporate Leadership and Management Competencies framework was finalized and used to form a 360-degree feedback instrument.
- A process has been developed to review and renew Corporate Values.

Strategic Objective 4 – Innovative Stewardship

Provide innovative stewardship of public real estate assets, while contributing to the economic, social and environmental sustainability of communities

Strategy Progress

Ensure best solutions on behalf of the shareholder and/or our customers by developing specific concept and implementation plans to redevelop or sell the Jericho, Glendale, Riverview and Woodlands properties.

- BCBC is collaborating with the City of Vancouver to develop a public participation process prior to beginning land-use planning for the Jericho site.
- Treasury Board approved corporate borrowing to redevelop Glendale as a high-technology research park. The resulting Vancouver Island Technology Park renovations are now underway.
- The design of a residential-style prototype for Mental Health program delivery at the Riverview site is complete.
- BCBC continues to work with the Simon Fraser Health Region and the City of New Westminster to advance the Community of Care concept as the vision for the Woodlands site.

Implement the Environmental Management Plan and achieve ISO 14001certification.

- BCBC is the first provincial or federal public-sector organization in Canada to receive ISO 14001 registration for its Corporate Environmental Management System.
- Significant progress had been made to manage environmental risks and liabilities associated with contaminated sites.
- Detailed Site Investigations have been completed on all Ministry of Transportation and Highways sites and remediation plans have been completed for most sites.
- Preliminary Site Investigations are now complete for properties used by the Ministry of Forests, the Ministry of Attorney General and the Ministry for Children and Families.

Implement Green Buildings BC – the Retrofit program.

- A Web site was established, a performance monitoring and reporting system is under development and support is being provided to many institutions which are in the early stages of retrofitting their facilities.

Performance Results

Overall employee satisfaction

- The overall employee satisfaction rating increased from 46% in 1998 to 63% in 2000, exceeding the 60% target. The target for 2002 is 66%.

Performance Development Process (PDP) implementation

- 90% of eligible employees received all necessary PDP training, 70% completed learning plans and 67% submitted year-end summaries. Continued improvement in related employee survey results are expected as the PDP is implemented across the Corporation.

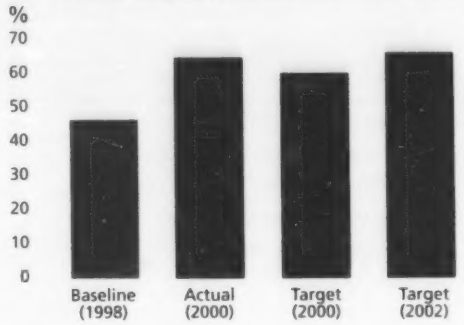
Corporate Values understanding and perceptions of practicing our values

- A review of Corporate Values is scheduled for next year.

Performance on initiatives including wellness, multiculturalism, diversity and providing employment opportunities for youth

- The number of medical-aid injuries and the rate of loss-time injuries per 100 employees were 23% and 17% below the Corporation's historical 10-year average respectively.
- BCBC's employment practices yielded positive results with low absenteeism (2.3%), high new employee retention (96%), few grievances (10) and no arbitrations.
- The Corporation achieved gains in representation of women and visible minorities. The Corporation is developing strategies to enhance representation among aboriginal peoples and persons with disabilities.
- The Corporation exceeded its target for youth hires by 40%.

Overall Employee Satisfaction with BCBC



Performance Results

Return on investment (ROI) for owned market-comparable properties

- A 1999/00 study indicated that BCBC's return on investment for office buildings is better than market in urban and regional centres and lower than market in smaller/remote communities.

Community-based Integrated Accommodation Planning (IAP) implementation

- BCBC exceeded expectations for the Westside (Greater Kelowna area) IAP project initiated this year with 25 partners signing onto the Extranet to share information.

Office vacancy rates

- The office vacancy rate was maintained at 2.00% across the province, meeting the Corporation's goal to maintain the rate at 1999/00 levels. This rate is well below market comparables.

Environmental risks and liabilities associated with contaminated properties

- Significant progress has been made this year. Only 14% of potentially contaminated sites remain to be investigated, and all sites classified as high priority are currently undergoing remediation.

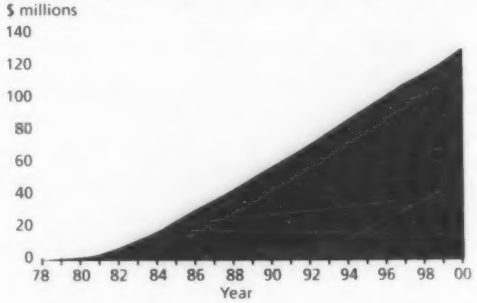
Pollution prevention program implementation

- About 93% of pollution prevention operating practices and infrastructure are in place in over 250 sites throughout the province. The Corporation continues to strive for 100% implementation.

Energy management program savings

- Since BCBC's energy management program was initiated in 1978, over $130 million in energy savings to government have been realized. Of these savings, $10 million was realized over the last year.

Cumulative Energy Savings Realized by BCBC's Energy Management Program



Strategic Objective 5 – Business Development

Extend our business where it improves the efficiency and effectiveness of the public sector

Strategy Progress

Work with all levels of government to identify and develop value-added business opportunities in alignment with our Business Development Plan.

- New business opportunities resulted in significant new recurring and one-time business revenue. Recurring business accounted for $3.7 million while one-time revenue accounted for $20.3 million.
- BCBC pursued many business opportunities to provide innovative solutions and leadership to improve efficiency and address critical issues for government — especially Long-term Care.
- BCBC's newly formed Health Services Group (HSG):
  - has co-ordinated the purchase of five sites for Health Authorities' use;
  - is overseeing two housing-oriented Public/Private Partnership pilots and five not-for-profit pilots;
  - will continue to assist the Ministry of Health in the development of a province-wide health-care inventory assessment system and in providing capital planning and facilities management consulting services; and;
  - has developed a scenario planning tool to aid in demand analysis.
- Public Works and Government Services Canada and BCBC have developed a draft protocol agreement for providing services to other federal government departments.

Financial Indicators

Performance Results

Total revenue

- BCBC generated $451.8 million* in total revenues, exceeding its budget level by almost $13.2 million.

Revenue split ministry/non-ministry

- BCBC's year-end revenue split was 74% ministry and 26% non-ministry. The original budget/target of 22% for non-ministry revenue was exceeded due to a positive variance of $15 million in one-time revenues.

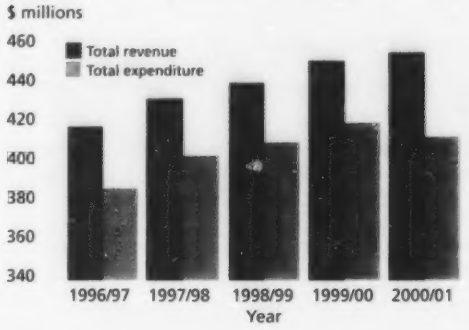
Total expenditure

- In keeping with total revenues, total expenditures of $411.3 million were higher than budget levels. However, whereas revenues were 3% higher, expenditures were only 2% higher despite a 43% increase in fuel energy prices over the last year.

Operating margin

- Year-end operating margin of 17.4% of total revenue approximated the 17.7% budget level.

Five-year History of Revenues and Expenditures



* This figure does not include gains on sale of properties.

Performance Results

New business revenue from existing and new public-sector customers

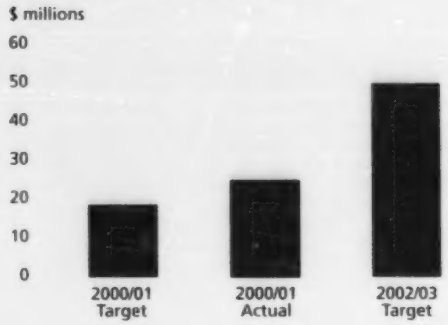
- BCBC achieved $24 million in new business revenue, exceeding its $18 million target by $6 million. This represents one-half of its three-year $48 million target.*

Demonstrate our competitive advantage by:

- **Setting price and delivering all bundled core products and services below market.**
- **Setting price and delivering all stand-alone core products and services at market.**

- Price targets will be set for both bundled and stand-alone core products and services by March 31, 2002.

New Business Revenue



* The originally established target of $20 million (*2000–2003 Strategic Plan/Performance Plan*) was increased to $48 million following the development of an improved definition for new business revenue.

Gain/loss on property disposals

- Gains on property disposals of $10.3 million fell below the budget level of $26.2 million. This variance is attributable to a number of factors, including the redevelopment of the Glendale site as the Vancouver Island Technology Park rather than a sale of the property, delays on other planned sales due to market conditions, and due diligence issues related to particular sites. BCBC did sell 45 properties during 2000/01.

Net income

- Net income of $50.9 million fell below the budget level of $61.6 million. The $15.9 million negative variance in gains on property disposals was partially offset by favourable budget variances in operating income and net interest expense. Despite being lower than the budget level, the net income achieved was the highest in the Corporation's history.

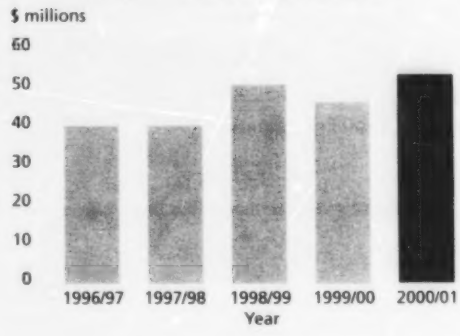
Return on equity (ROE)

- At 18.7%, ROE was lower than the budget level of 23.4% but consistent with industry standards. This result is primarily attributable to lower than anticipated gains on property disposals.

Return on investment (ROI)

- ROI of 9.7% was lower than the 11.4% budget, which again is attributable to lower net income levels resulting from lower than planned gains on property disposals.

Five-year History of Net Income



Five-Year Highlights

	Year Ended March 31	2001	2000	1999	1998	1997
FINANCIAL	$ THOUSANDS					
	Gross Revenue	462,158	463,538	446,228	440,320	423,975
	Operating Income	89,123	105,060	100,894	99,990	94,653
	Interest	38,243	60,065	51,474	60,677	55,234
	Net Income	50,880	44,995	49,420	39,313	39,419
	Cash Flow	94,360	138,448	102,455	96,719	84,348
	Total Assets (net)	953,604	968,684	1,095,714	1,073,676	1,056,921
	PER CENT					
	Operating Income Margin*	17.4	19.9	20.8	20.6	20.9
	Return on Investment	9.7	10.6	10.4	9.8	9.9
	Return on Equity	18.7	15.8	18.1	17.1	19.1

	Year Ended March 31	2001	2000	1999	1998	1997
PROPERTIES	SQUARE METRES					
	Owned	1,312,210	1,314,195	1,330,816	1,327,687	1,362,168
	Leased	695,077	691,003	714,185	726,064	711,107
	Maintained	360,695	350,473	406,186	261,569	237,645
		2,367,982	**2,355,671**	**2,451,187**	**2,315,320**	**2,310,920**
STAFF						
	Full Time Equivalents	858	833	808	774	790

* Operating income margin has been restated to exclude gain on sale of properties from calculation.

Management Report

The financial statements of the British Columbia Buildings Corporation have been prepared by the management of the Corporation which is responsible for their consistency, integrity and objectivity. The statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgments based on currently available information. Financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management is also responsible for the maintenance of financial and operating systems, which include effective controls to provide reasonable assurance that the Corporation's assets are safeguarded and that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities through its Audit Committee, whose members are not involved in the day-to-day activities of the Corporation. The Committee meets regularly with management and the external auditors who have full and free access to the Committee.

The external auditors, who are appointed by the Lieutenant-Governor-in-Council, have examined the financial statements which have been approved by the Board of Directors on recommendation of the Audit Committee.

Dennis Truss, FCA
President and
Chief Executive Officer

Lak Parmar, CMA
Vice President, Finance and
Chief Financial Officer

Report of the **Auditor General** *of* **British Columbia**

To the Lieutenant-Governor-in-Council,
Province of British Columbia:

I have audited the balance sheet of the *British Columbia Buildings Corporation* as at March 31, 2001 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Buildings Corporation* as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
May 11, 2001

Balance Sheet

$ THOUSANDS	March 31 2001	2000
ASSETS		
Real estate investments		
Income-producing properties *(note 3)*	840,390	820,962
Income-producing properties under construction *(note 4)*	18,767	42,475
Land held for sale or development *(note 5)*	23,096	25,208
	882,253	**888,645**
Corporate properties and equipment *(note 6)*	12,247	10,367
Unamortized debt discount and issue expenses	8,911	9,082
Other assets *(note 7)*	50,193	60,590
	953,604	**968,684**
LIABILITIES		
Long-term debt *(note 8)*	505,542	543,301
Short-term debt *(note 9)*	107,701	75,404
Other liabilities *(note 10)*	68,422	78,720
EQUITY		
Contributed surplus, contributions by the Province of British Columbia	52,832	52,832
Retained earnings	219,107	218,427
	953,604	**968,684**
Commitments *(note 11)*		

On Behalf of the Board:

Doug Allen
Chair

Cathy Flikweert, CGA
Director

Statement of Income and Retained Earnings

$ THOUSANDS	Year Ended March 31 2001	2000
REVENUES		
Rentals	403,579	399,342
Other income	48,228	48,313
Gains on sale of properties	10,351	15,883
	462,158	**463,538**
EXPENSES		
Lease costs	131,453	130,084
Operations and maintenance	101,436	96,203
Amortization	41,602	39,841
Client requested projects	43,340	38,880
Property taxes and grants	18,371	17,729
Energy	22,827	20,053
General and administrative	11,314	10,731
Environment	2,692	4,957
	373,035	**358,478**
INCOME BEFORE INTEREST	89,123	105,060
Interest *(note 12)*	(38,243)	(60,065)
NET INCOME	**50,880**	**44,995**
Retained earnings, beginning of year	218,427	244,432
Dividend	(50,200)	(71,000)
RETAINED EARNINGS, END OF YEAR	**219,107**	**218,427**

Statement of Cash Flows

$ THOUSANDS	Year Ended March 31 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	50,880	44,995
Non-cash items		
Amortization of capital assets and other amounts	41,773	40,140
Gains on sale of properties	(10,351)	(15,883)
Other assets and liabilities, net change	(4,093)	49,699
Proceeds from sale of properties	16,151	19,497
Cash flows from operating activities	94,360	138,448
CASH FLOWS FROM INVESTING ACTIVITIES		
Real estate investments	(37,324)	(34,934)
Corporate properties and equipment	(5,565)	(3,713)
Cash flows used in investing activities	(42,889)	(38,647)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term debt repayments	(35,134)	(136,655)
(Increase) decrease in sinking funds	(2,626)	62,817
Increase (decrease) in short-term debt	32,297	(34,462)
Dividends paid	(50,200)	(71,000)
Cash flows used in financing activities	(55,663)	(179,300)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,192)	(79,499)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,052	94,551
CASH AND CASH EQUIVALENTS AT END OF YEAR *(note 13)*	**10,860**	**15,052**

Notes to Financial Statements

March 31, 2001

(Tabular amounts in $ 000s)

1. **Statement of Purpose**

British Columbia Buildings Corporation (the Corporation), established in 1977 as a Crown corporation of the Province of British Columbia through the enactment of the *British Columbia Buildings Corporation Act*, has a mandate to serve as an agency of the Crown in providing accommodation and real estate services to the provincial government and the broader public sector. Corporate and client accountability is achieved by charging market-based prices for services rendered, and using private-sector management principles. During the year, the Corporation received 72% (2000 – 73%) of its revenues from provincial government ministries, with the balance from other sources.

2. **Accounting Policies**

The financial statements of the Corporation are prepared in accordance with Canadian generally accepted accounting principles and are substantially in accordance with the recommendations of the Canadian Institute of Public and Private Real Estate Companies (CIPREC). The Corporation's significant accounting policies are as follows:

(a) Real Estate Investments and Corporate Properties and Equipment

Real estate investments and corporate properties and equipment are recorded at cost less accumulated amortization. In addition to land and direct costs, amounts capitalized to real estate investments during development and construction include property taxes and the applicable portion of both interest on general borrowings and general and administrative expenses. Capitalized costs do not exceed estimated future recoveries for income-producing properties and estimated realizable value for land held for development.

(b) Temporary Investments

Temporary investments represent short-term funds administered by the Province of British Columbia. These investments are recorded at cost which approximates market.

(c) Amortization

Real estate investments and corporate properties and equipment are amortized on an individual basis by the straight-line method over their estimated useful lives or lease terms. Amortization is prorated by month in the year of acquisition or disposal.

The estimated useful lives or lease terms of income-producing and corporate properties are from five to 50 years. The estimated useful lives of all other assets are from three to 10 years.

Notes to Financial Statements

March 31, 2001

(Tabular amounts in $ 000s)

(d) Income Taxes

The Corporation is exempt from federal and provincial income taxes.

(e) Amortization of Debt Discount and Issue Expenses

Debt discount is amortized by the effective rate of interest method and issue expenses are amortized on a straight-line basis, both over the terms of the applicable debt.

(f) Rentals Received in Advance

Rentals received in advance are amortized using the effective rate of interest method over the period to which they relate.

(g) Related Party Transactions

The Corporation is related through common ownership to all Province of British Columbia departments, agencies and Crown corporations. Transactions with these entities, as well as other transactions in which provincial government intervention is a component, are generally considered to be in the normal course of operations and are recorded at the exchange amount. Unless disclosed separately in these financial statements, this exchange amount approximates market.

(h) Environmental Expenditures and Liabilities

Under the current environmental legislation and the Corporation's standard accommodation agreement with clients, responsibility for site cleanup rests with the polluter.

Environmental expenditures incurred as a result of the ongoing business activities of the Corporation are expensed or capitalized as appropriate. Environmental cleanup costs are recoverable from clients. These recoveries are included in other income.

Notes to Financial Statements

March 31, 2001

(Tabular amounts in $ 000s)

3. **Income-Producing Properties**	2001	2000
Net book value:		
Cost	1,367,078	1,313,944
Accumulated amortization	(526,688)	(492,982)
	840,390	**820,962**
Activity:		
Net book value, beginning of year	820,962	849,420
Properties transferred from income-producing properties under construction	60,850	11,682
Disposals, net	(3,505)	(3,469)
Amortization expense	(37,917)	(36,671)
Net book value, end of year	**840,390**	**820,962**

4. **Income-Producing Properties Under Construction**	2001	2000
Balance, beginning of year	42,475	20,403
Direct development and construction costs	31,270	27,731
Capitalization of:		
Interest	2,651	1,868
General and administrative expenses	3,221	4,155
Cost of properties completed and transferred to income-producing properties	(60,850)	(11,682)
Balance, end of year	**18,767**	**42,475**

5. **Land Held For Sale or Development**	2001	2000
Balance, beginning of year	25,208	24,221
Capitalization of interest and property tax	121	681
(Disposals) acquisitions, net	(2,233)	306
Balance, end of year	**23,096**	**25,208**

6. **Corporate Properties and Equipment**	2001	2000
Cost:		
Office and data processing equipment	26,288	22,514
Corporate properties and leasehold improvements	9,250	8,296
Maintenance equipment	3,376	3,271
Vehicles	5,882	5,231
	44,796	39,312
Accumulated amortization	(32,549)	(28,945)
	12,247	**10,367**

Notes to Financial Statements

March 31, 2001

(Tabular amounts in $ 000s)

7. **Other Assets**	2001	2000
Temporary investments	14,000	18,000
Accounts receivable:		
Province of British Columbia	16,525	20,526
Other	19,560	21,926
Prepaid expenses	108	138
	50,193	**60,590**

8. **Long-Term Debt**	2001	2000
Debentures payable to the Province of British Columbia		
Various issues at an average effective interest rate of 8.35% (2000 – 8.48%) maturing at various times to 2029 (2000–2029)	622,512	647,512
Debentures payable to the Minister of Finance for Canada to the credit of the Canada Pension Plan Investment Fund	–	10,000
Mortgage payable to the Bank of Montreal	1,207	1,340
	623,719	**658,852**
Sinking funds on deposit with the Province of British Columbia	(118,177)	(115,551)
	505,542	**543,301**

At March 31, 2001, the coupon rates on the long-term debt ranged from 5.40% to 10.75% (2000 – 5.40% to 13.46%).

The Province of British Columbia has unconditionally guaranteed the principal and interest of all debt payable to third parties.

Principal payments, net of projected sinking fund balances at maturity, and sinking fund payments for each of the next five years:

2001/02	12,035
2002/03	12,035
2003/04	53,391
2004/05	9,973
2005/06	9,973

Notes to Financial Statements

March 31, 2001

(Tabular amounts in $ 000s)

9. Short-Term Debt

The interest rates on short-term debt range from 4.69% to 5.60% (2000 – 5.05% to 5.22%), and result in an average effective interest rate of 4.93% (2000 – 4.76%) for the notes outstanding. These notes mature at varying dates to June 28, 2001 and are payable to the Province of British Columbia.

10. Other Liabilities

	2001	2000
Bank indebtedness, unsecured	3,140	2,948
Accounts payable and accrued liabilities	30,622	28,316
Holdbacks	8,323	15,603
Accrued interest payable:		
Province of British Columbia	10,768	12,034
Other	6	678
Deferred revenue	15,563	19,141
	68,422	**78,720**

11. Commitments

The Corporation estimates that the cost to complete projects under construction at March 31, 2001 will be $31,681,000 of which $10,607,000 has been committed.

The Corporation has entered into leases with third parties to provide space for clients and corporate operations for varying periods up to the year 2017, at a total aggregate net rental of approximately $496,809,000. Most lease terms are from five to 10 years and include renewal options.

Minimum lease payments which will be charged to operations in subsequent years for leases committed at March 31, 2001:

2001/02	115,159
2002/03	101,610
2003/04	84,584
2004/05	60,538
2005/06	37,854
Thereafter	97,064

The Corporation had outstanding letters of credit totalling $348,000 at March 31, 2001 to guarantee performance on various projects.

Notes to Financial Statements

March 31, 2001

(Tabular amounts in $ 000s)

12. Interest

	2001	2000
Interest on long-term debt	49,414	70,725
Other interest	1,271	19,846
Amortization of debt discount and issue expenses	171	298
	50,856	90,869
Deduct:		
Sinking fund earnings	9,846	28,377
Interest capitalized	2,767	2,427
	12,613	30,804
	38,243	**60,065**

13. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	2001	2000
Cash on hand and bank indebtedness	(3,140)	(2,948)
Temporary investments	14,000	18,000
Total cash and cash equivalents	**10,860**	**15,052**

14. Employees' Benefit Plans

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The Public Service Pension Plan is a multi-employer, defined benefit plan. On behalf of employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. The most recent actuarial valuation (March 31, 1999) has determined that the Plan is in a surplus position. During the year contributions of $1,660,000 were refunded to the Corporation (2000 – $1,908,000). The cost of employee future benefits for the Plan is recognized as an expense in the year contributions are paid.

In addition to the Plan, employees are entitled to specific retirement benefits as provided for under the collective agreement and terms of employment. The Corporation accrues the future obligation for these benefits as the employees render the services necessary to earn the benefit. During the year, a liability of $1,183,664 was recognized representing these retirement benefits.

15. Accounting Estimates

Financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Accounts receivable are evaluated as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for amortization of capital assets and deferred charges are based on estimates of the useful life benefit of these assets. The effect on the financial statements of changes in such estimates in future periods is not anticipated to be significant.

16. Comparative Figures

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.

British Columbia Buildings Corporation (BCBC) is a Crown corporation established in 1977 to provide accommodation and real estate services to the provincial government. In 1997, provincial legislation was passed to expand BCBC's mandate to enable the Corporation to provide its services to the broader public sector.

BCBC's mission is to support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations by efficiently planning, providing and managing accommodation and real estate solutions; by providing responsible stewardship of the assets and resources entrusted to it; and by contributing to the sustainability of communities and the environment. This mission is achieved by a diverse and motivated team of highly skilled employees.

Scope of Operations

BCBC's diverse portfolio ranges from the Vancouver Law Courts and Robson Square complex to heritage buildings dating from the 1860s, to office buildings, residential institutions, courthouses, forestry complexes, fish hatcheries, ambulance stations, correctional centres and isolated highways facilities.

BCBC manages about 3,500 buildings comprising almost 2.4 million square metres (25.8 million square feet) of space.

Organizational Structure

BCBC is a highly decentralized Crown corporation with a province-wide network of employees strategically located in eight districts which include 65 service centres and satellite offices. Over two-thirds of BCBC employees are located throughout the province.

The Corporation retains only sufficient permanent employees to ensure that public-sector accommodation services are delivered at best value for the taxpayer. The Corporation strongly believes that the ***management*** of the delivery of accommodation, real estate, operations, maintenance, design and construction services is best provided through in-house expertise; but that the ***actual delivery*** of most of these services is best accomplished through the private sector. Accordingly, BCBC is essentially an accommodation and real estate management corporation, having privatized most of its day-to-day operations.

Community Presence

BCBC's portfolio of leased, owned and maintained properties extends throughout almost 300 communities across the province. This strong community presence is supported by a province-wide network of corporate representatives strategically located in eight districts which include 65 service centres and satellite offices.

This comprehensive community presence enables BCBC to respond promptly to local customer needs, while, at the same time, providing opportunities for more than 7,000 local community suppliers of space, materials and services throughout the province.

Financing

BCBC is structured similarly to a private-sector enterprise. The Corporation uses private-sector management and accounting methods and is totally revenue-dependent.

BCBC provides accountability by charging rents according to market principles and ensures that its underlying policies are fully market-defensible. This approach has enabled BCBC to earn market-comparable financial returns on both individual projects and on total operations, as well as to pay annual dividends to its shareholder — the Province.

BC Buildings Corporation

Environmental Performance 2001 Summary

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This Annual Report is available on the BCBC Web site at **www.bcbc.bc.ca/corporate**

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